

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 L-03 EB-08 COME-00 TRSE-00
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OES-07 AID-05 STR-07 /071 W
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P 271531Z MAY 78
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC PRIORITY 6552
INFO AMEMBASSY PARIS
USMISSION USUN NEW YORK

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PARIS FOR OECD

E.O. 11652: N/A
TAGS: EINV
SUBJECT: UN COMMISSION ON TRANSNATIONAL CORPORATIONS:
FINAL RESULTS ON INFORMATION
SYSTEM AND ACCOUNTING STANDARDS, MISCELLANEOUS ITEMS

REF: VIENNA 4837 AND PREVIOUS

1. SUMMARY: THIS CABLE CONTAINS REPORTING ON A
NUMBER OF ITEMS NOT FULLY COVERED IN PREVIOUS CABLES
ON THE MEETING OF THE COMMISSION OF TRANSNATIONAL
CORPORATIONS WHICH CONCLUDED MAY 26. (DELEGATION'S
OVER-ALL ASSESSMENT OF MEETING HAS ALREADY BEEN
REPORTED IN VIENNA 4837). OF PARTICULAR INTEREST
ARE RESULTS EXPRESSED IN FINAL REPORTS ON THE INFORMA-
TION SYSTEM OF THE CENTRE FOR TRANSNATIONAL CORPORATIONS
AND THE SUBSTANTIAL PROCEDURAL DISPUTE ON MEMBERSHIP
FOR THE NEWLY-RECOMMENDED AD HOC INTERGOVERNMENTAL
GROUP ON ACCOUNTING AND REPORTING STANDARDS. FURTHER,
CHAIRMAN ON BEHALF OF COMMISSION AGREED TO RECOMMEND
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THAT THE NEXT MEETING OF ITS INTERGOVERNMENTAL WORKING
GROUP ON A CODE OF CONDUCT BE HELD IN NEW YORK FROM
AUGUST 7-18 OF THIS YEAR, BUT THIS IS SUBJECT TO
APPROVAL BY ECOSOC. END SUMMARY.

2. CONCLUSIONS OF FINAL RECOMMENDATIONS ON COMPREHENSIVE
INFORMATION SYSTEM. OVERALL, RESULT OF FINAL REPORT

IS MIXED, BUT DOES PROVIDE SOME BASIS FOR CONTINUED REPRESENTATIONS TO CENTRE ON MAJOR ISSUES OF INTEREST TO U.S. SUCH AS CONFIDENTIALITY, VERIFICATION, COST OF PROGRAM ETC. REPORT CITES GENERAL OBJECTIVES AGREED IN LIMA SESSION OF COMMISSION TWO YEARS AGO ON INFO SYSTEM AS BASIS FOR CENTRE'S DEVELOPMENT OF SYSTEM. IT ALSO FIRMLY ESTABLISHES AN ANNUAL REVIEW PROCESS TO COVER INFORMATION SYSTEM "IN ALL ITS ASPECTS", WHICH INCLUDES COSTS. U.S. AND OTHER DEVELOPED COUNTRIES ATTEMPTED UNSUCCESSFULLY TO INCLUDE PARA ON NEED FOR VERIFICATION WITH COMPANIES OF INFORMATION ON THESE COMPANIES IN SYSTEM, BUT IN THE END HAD TO SETTLE FOR AN EXPRESSION IN PARA 7 OF REPORT ON NEED FOR ACCURACY' U.S. WAS SUCCESSFUL IN GETTING SPECIFIC REFERENCE IN REPORT TO NEED FOR SELECTIVITY AND CLARIFICATION OF BASIS FOR SELECTION OF FIRMS TO BE INCLUDED IN SYSTEM, AS WELL AS THE NEED TO BASE SYSTEM ON THE EXPRESSED NEEDS OF BOTH HOME AND HOST COUNTRIES. INDIAN DEL (BHATT) WAS ALSO HELPFUL IN FURTHER CUTTING SYSTEM BACK BY INTRODUCING PARA, WHICH WAS ACCEPTED BY COMMISSION, TO UNDERTAKE DEVELOPMENT OF GENERAL CORPORATE INFORMATION SYSTEM (WHICH IS A VERY SIZEABLE PART OF PROGRAM) ONLY "ON A LIMITED SCALE." CENTRE'S ATTEMPT TO HAVE ITSELF DESIGNED AS "AUTOMATIC" AND REGULAR DEPOSITORY OF ALL PUBLICLY-AVAILABLE INFORMATION WAS ALSO REJECTED, LIMITED OFFICIAL USE

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AND CENTRE IS INSTEAD INSTRUCTED TO IDENTIFY AND COLLECT SUCH INFO AND GOVERNMENTS ARE ASKED TO COOPERATE IN MAKING SUCH INFO AVAILABLE.

3. RESULTS ON ESTABLISHMENT OF AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ACCOUNTING AND REPORTING. AS NOTED IN SUMMARY CABLE, COMMISSION WILL RECOMMEND TO SUMMER SESSION OF ECOSOC THE ESTABLISHMENT OF A NEW AD HOC INTERGOVERNMENTAL GROUP ON ACCOUNTING AND REPORTING. THE MANDATE TO BE GIVEN THE GROUP INDICATES THAT IT IS TO REPORT TO THE NEXT SESSION OF THE COMMISSION ON "FURTHER STEPS TO BE TAKEN IN THE FIELD OF INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING WITHIN THE SCOPE OF WORK OF THE COMMISSION, PARTICULARLY AS REGARDS THE COMPREHENSIVE INFORMATION SYSTEM AND THE CODE OF CONDUCT." THE MANDATE STATES FURTHER THAT THE GROUP SHOULD "CONCENTRATE ON FORMULATING PRIORITIES". THIS REFLECTS EARLIER DISCUSSION WITHIN THE GROUP OF OECD COUNTRIES WHERE THERE WAS GENERAL AGREEMENT ON THE ESTABLISHMENT OF GROUP, BUT WIDE DISAGREEMENT ON WHAT AREAS IT SHOULD FIRST ADDRESS AND ITS RELATIONSHIP TO ONGOING INFORMATION DISCUSSION WITHIN THE CODE OF

CONDUCT. THE CONTROVERSIAL REPORT OF THE PREVIOUS GROUP OF PRIVATE EXPERTS ON ACCOUNTING STANDARDS HAS BEEN EFFECTIVELY SUBORDINATED TO A POSITION OF ONE OF A NUMBER OF DOCUMENTS AND GROUPS WHICH SHOULD BE CONSULTED IN THE NEW GROUP'S WORK.

4. A CONSIDERABLE PROCEDURAL DISPUTE ERUPTED BOTH IN EARLY INFORMAL DISCUSSIONS AND LATER IN THE PLENARY OF THE COMMISSION IN CONSIDERING THE FINAL REPORT ON THE COMPOSITION OF THE NEW GROUP. G-77 REPS INSISTED THAT GROUP SHOULD BE LIMITED IN NUMBER, EVENTUALLY ARRIVING AT FIFTEEN AS THE DESIRABLE NUMBER, ARGUING THAT IF IT WERE OPEN-ENDED ALL DEVELOPED COUNTRY DELEGATIONS WOULD APPEAR AND SIGNIFICANTLY OUTNUMBER LIMITED OFFICIAL USE

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OMB-01 JUSE-00 FTC-01 CIAE-00 INR-10 NSAE-00 SP-02
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P 271531Z MAY 78
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DEVELOPING COUNTRY REPS. FRENCH OBJECTED IN PRINCIPLE TO AN ARRANGEMENT WHICH WOULD EXCLUDE ANY MEMBERS OF THE COMMISSION, AND SWISS, GERMANS, ITALIANS AND OTHER EUROPEANS OBJECTED BECAUSE THEY FELT THEY WOULD PROBABLY BE EXCLUDED UNDER THE LIMITED ARRANGEMENT. A PATCHWORK SOLUTION OF DESIGNATING FIFTEEN, BUT LEAVING THE GROUP OPEN-ENDED FOR PARTICIPATION BY

OTHER MEMBERS OF THE COMMISSION, FAILED TO OBTAIN THE APPROVAL OF THESE LATTER COUNTRIES IN THE PLENARY. AS A RESULT, ISSUE OF COMPOSITION IS NOW LEFT BLANK IN THE TEXT OF THE RECOMMENDATION GOING TO THE ECOSOC AND THE ISSUE WILL HAVE TO BE REFOUGHT THERE. U.S. DURING DISCUSSION REMAINED ON SIDELINES, SINCE WE WOULD PROBABLY BE DESIGNATED TO PARTICIPATE UNDER ALMOST ANY CIRCUMSTANCES AND WE DO NOT CONSIDER EARLY ACTIVITY BY NEW GROUP TO BE AN ESSENTIAL FEATURE OF FURTHER PROGRESS IN THIS AREA, PARTICULARLY WITH NEW OECD GROUP ABOUT TO BE ESTABLISHED. NEVERTHELESS IT IS DELEGATION'S VIEW THAT BECAUSE OF SUBSTANTIAL DIFFERENCES IN NATIONAL LEGISLATION AND REGULATIONS IN THIS AREA, IT WOULD UNDOUBTEDLY BE NECESSARY TO HAVE EFFECTIVE REPRESENTATION BY ALL DEVELOPED LIMITED OFFICIAL USE

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COUNTRIES IN THE NEW GROUP.

5. FUTURE MEETINGS OF WORKING GROUP ON A CODE OF CONDUCT. FINAL REPORT SHOWS AGREEMENT OF COMMISSION THAT A MINIMUM OF THREE SESSIONS OF TWO WEEKS EACH SHOULD BE HELD BY THE WORKING GROUP. AFTER INFORMAL CONSULTATIONS WITH MAJOR DELEGATIONS, INCLUDING U.S., WG CHAIRMAN NIKLASSON OF SWEDEN RECEIVED AUTHORIZATION FOR COMMISSION CHAIRMAN BRUCE TO SEND A CABLE TO ECOSOC RECOMMENDING THAT NEXT SESSION OF THE WG BE HELD IN NEW YORK FROM AUGUST 7-18. USUN SHOULD BE AWARE IN FUTURE DISCUSSIONS OF THIS ISSUE IN NEW YORK THAT U.S. DEL CONCURRED IN THIS PROCEDURE ONLY ON CLEAR UNDERSTANDING AND WITH PERSONAL ASSURANCES GIVEN FROM BHATT OF INDIA AND SEPULVEDA OF MEXICO THAT THERE WOULD BE GOOD REPRESENTATION AT SUCH A MEETING FROM DELEGATIONS OF DEVELOPING COUNTRIES, INCLUDING BHATT'S AND SEPULVEDA'S PERSONAL ATTENDANCE.

6. FRG BERLIN REPRESENTATION: USSR, GDR, AND UKRAINIAN SSR DELS AS EXPECTED CIRCULATED LETTERS ON WEDNESDAY, MAY 24 OBJECTING TO PARTICIPATION OF REP OF CARTEL AND TRUST OFFICE, ALONG STANDARD LINES. BASED ON INSTRUCTIONS AND PREVIOUS EXCHANGES IN COMMISSION ON SAME ISSUE, US ON BEHALF OF THREE POWERS, AND FRG DEL, MADE BOTH ORAL STATEMENT ON MAY 25, AND ON MAY 26 PROVIDED SECRETARIAT WITH WRITTEN REPLIES FOR CIRCULATION AS OFFICIAL COMMISSION DOCUMENTS. USUN REQUESTED POUCH COPIES OF TEXT (BEING HANDCARRIED BACK BY LADD) TO DEPARTMENT.

7. ADEQUACY OF SECRETARIAT SUPPORT: COMMISSION REPORT WILL INCLUDE FRANK CRITICISM OF LATE

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CIRCULATION OF DOCUMENTS (FOR EXAMPLE, ILLICIT
PAYMENTS WG REPORT NEVER ARRIVED HERE IN FINAL).
MOREOVER, SECRETARIAT BROUGHT ONLY ONE SECRETARY
FROM NEW YORK, AND PRODUCTION OF DOCUMENTS AT
COMMISSION, IN PARTICULAR DRAFT REPORTS IN CLOSING
DAYS OF SESSION, WAS PAINFULLY SLOW. CHAIRMAN BRUCE
(CANADA) COMPLAINED STRONGLY ABOUT LACK OF SECRETARIAT
EFFICIENCY. U.S. DEL STRONGLY URGES DEPT AND USUN
TO OPPOSE MEETINGS OF THIS SIZE AWAY FROM NEW YORK
OR GENEVA UNLESS EXPLICIT ARRANGEMENTS ARE MADE FOR
TRAVEL OF ADEQUATE SECRETARIAT BACK-UP. BORG

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Message Attributes

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